Transportation Safety Board of Canada

Bureau de la sécurité des transports du Canada

Transportation Safety Board of Canada

2011-12

Quarterly Financial Report for the Quarter Ended September 30, 2011

Canada

Management Statement for the Quarter Ending September 30, 2011

Introduction:

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the Main Estimates and Supplementary Estimates.

The Transportation Safety Board's (TSB) sole objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences. The purpose of these investigations is to identify the causes and contributing factors and the safety deficiencies evidenced by an occurrence. The TSB then reports publicly and makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

Basis of Presentation:

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Transportation Safety Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2011-12 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

As part of the departmental performance reporting process, the TSB prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector. However, the spending authorities voted by Parliament remain on an expenditure basis.

The quarterly report has not been subject to an external audit or review.

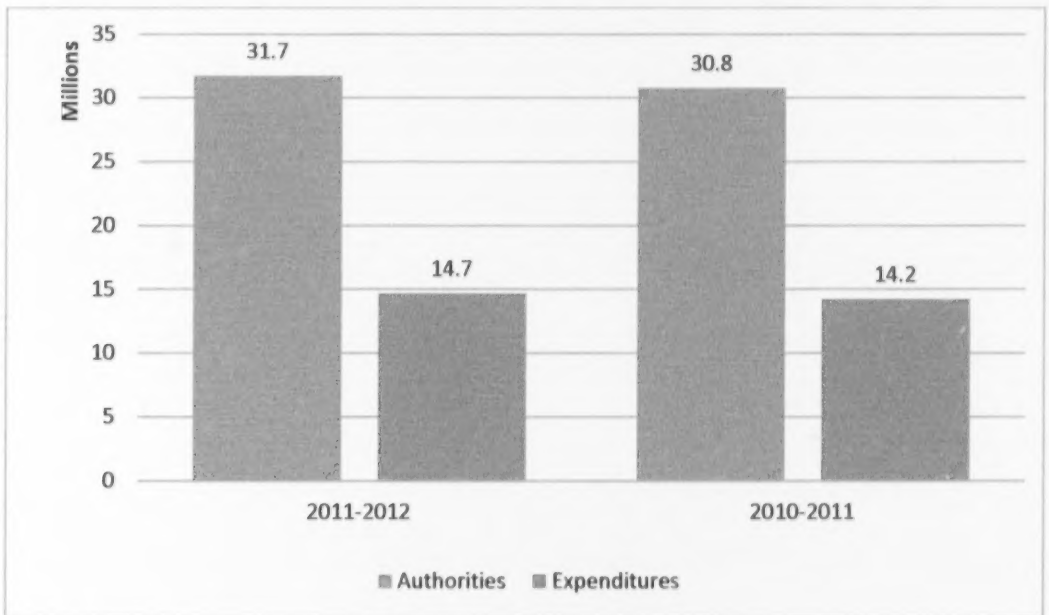
Highlights of Fiscal Quarter and Fiscal Year to Date Results:

The department's quarterly and year-to-date spending are in line with that of the previous year with an increase of $448,000 or 3% between years. Personnel costs for the 2nd quarter of 2011-12 increased by 5% ($597K) year-to-date when compared to 2010-11 results. This increase is primarily attributed to the optional cash out of accumulated severance benefits by employees under a provision of recently signed collective agreements with certain bargaining agents. Variances in other individual categories of expenditures are generally explained by differences in the timing of spending between quarters of the year; overall spending on these expenses by year-end is expected to be fairly consistent between years and in line with planned spending.

As can be seen in Figure 1, the TSB has spent approximately 46% of its authorities to date in the second quarter. This is consistent with expectations given that the department's most significant expense is salaries. The TSB's spending is generally distributed equally throughout the year.

Note that the TSB expects to receive additional funding from Treasury Board central votes in the amount of $527k to offset expenditures recorded to date for the optional cash-out payments to employees of accumulated severance benefits.

Figure 1 - Second Quarter Expenditures Compared to Annual Authorities



Risks and Uncertainties:

The TSB is funded through annual appropriations. As a result, its operations are impacted by any changes in funding approved through Parliament. As a departmental corporation, it has authority to spend revenues received during the year although such revenues are minimal; on average less than 1% of the department's funding requirements.

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 27, 2011. Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13 and that departments would not be funded for salary increases resulting from collective agreements in those years. As departments must pay the salary increases to employees, they are expected to find efficiencies within their operating vote to fund these increases. The TSB is not yet able to estimate the full impact of this government-wide initiative because many of the collective agreements are not yet signed. However, the TSB anticipates at this point in time being able to accommodate the reduction in funding without significantly impacting its ongoing operations.

Budget 2011 announced that departmental budgets would be examined through a Strategic and Operating Review. At this time, the nature and extent of reductions for the TSB are not known.

TSB's expenditures are influenced by the number and complexity of transportation occurrences. A significant transportation accident or a flurry of smaller size occurrences could significantly increase expenditures and result in resource pressures that could require the department to seek additional funding from Parliament.

The TSB's most significant expenditure is personnel representing 80% of its planned expenditures. Over the last few years, the department has faced a high level of attrition that is expected to continue for the next couple of years. An ongoing challenge for the TSB is to maintain staffing at a level sufficient to compensate for departures. Given the department's small size, the departure or hiring of a handful of employees in one quarter can have a significant impact on the quarter's expenditures.

Significant Changes in Relation to Operations, Personnel and Programs:

There have been no significant changes in relation to operations, personnel and programs over the last year.

Approval by Senior Officials:

Approved by,

Wendy A. Tadros
Chair

Chantal Lemyre, CGA
Chief Financial Officer

Transportation Safety Board of Canada
Quarterly financial report
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Statement of Authorities *(unaudited)*

Fiscal year 2011-12 (in thousands of dollars)

	Total available for use for the year ending March 31, 2012	Expended during the quarter ended September 30, 2011	Year to date used at quarter-end
Vote 10 - Net operating expenditures	28,037	6,763	12,828
Statutory authorities - Employee Benefit Plans	3,693	882	1,846
Total authorities	**31,730**	**7,645**	**14,674**

Fiscal year 2010-11 (in thousands of dollars)

	Total available for use for the year ending March 31, 2011	Expended during the quarter ended September 30, 2010	Year to date used at quarter-end
Vote 10 - Net operating expenditures	27,323	6,445	12,507
Statutory authorities - Employee Benefit Plans	3,432	836	1,719
Total authorities	**30,755**	**7,281**	**14,226**

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Statement of Expenditures by Standard Object (unaudited)

Fiscal year 2011-12 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2012	Expended during the quarter ended September 30, 2010	Year to date used at at quarter end
Expenditures:			
Personnel	24,211	6,308	12,296
Transportation and communications	2,194	413	746
Information	162	62	66
Professional and special services	2,801	510	684
Rentals	252	5	150
Repair and maintenance	621	95	179
Utilities, materials and supplies	544	108	231
Acquisition of machinery and equipment	945	144	322
Total net budgetary expenditures	**31,730**	**7,645**	**14,674**

Fiscal year 2010-11 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2011	Expended during the quarter ended September 30, 2010	Year to date used at quarter-end
Expenditures:			
Personnel	23,619	5,765	11,699
Transportation and communications	2,069	401	629
Information	160	73	89
Professional and special services	2,859	727	1,048
Rentals	121	49	160
Repair and maintenance	609	30	136
Utilities, materials and supplies	474	150	180
Acquisition of machinery and equipment	844	86	285
Total net budgetary expenditures	**30,755**	**7,281**	**14,226**